

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-314

January 2, 2002

BAR HARBOR WATER COMPANY  
Proposed Rate Change

ORDER

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WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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## **SUMMARY OF ORDER**

We approve the Town of Bar Harbor Water Division rate sheets filed on December 26, 2001. These rates result in a \$95,589 or 12.54% increase over the Bar Harbor Water Company's 2000 actual revenues of \$762,160

## **BACKGROUND**

On May 10, 2001, the Bar Harbor Water Company filed with the Commission its request to increase water rates effective July 1, 2001. The proposed rates would result in a revenue increase of \$95,589 or 12.54% over 2000 actual revenues. The Company sent the required notice to each of its customers. The Company stated that the rate increase is necessary as a result of increased operating expenses.

On June 6, 2001, the Office of Public Advocate (OPA) filed a Petition to Intervene. Suspension Order Nos. 1 and 2, dated June 26, 2001 and October 1, 2001, respectively, suspended the effective date of the proposed rates for a total of eight months (from and including July 1, 2001).

On August 28, 2001, the Commission issued its Order, in Docket No. 2001-528, authorizing the Town of Bar Harbor to acquire 80% to 100% of the outstanding shares of the stock of the Bar Harbor Water Company. Upon the acquisition of the stock, the Company was authorized to transfer its assets and rights to the Town. The Town has acquired the stock, and we understand the asset transfer will be completed at year-end 2001.

On October 25, 2001, the Commission Advisory Staff issued Staff Data Request No. 1. On November 2, 2001, the OPA issued its First Data Request. The Company responded to both data requests on November 29, 2000. The Advisory Staff held an informal telephone conference with representatives of the OPA and the Company/Town on December 19, 2001. The concerns of the Staff and the OPA were partially alleviated by the Town's proposed budget for the Water Division showing a substantial operating lost for the year 2002.

William C. Black, Deputy Public Advocate, indicated in a letter dated December 19, 2001, that the OPA has no objections to the revenue increase proposed in the Company's

revised Pro Forma schedule attached to the Company's response to Staff Data Request No. 1. The OPA, however, recommends that the Commission require, request, or encourage the Town of Bar Harbor, and the managers of the Water Division, to explore all possible efficiencies that may result from the fact that the Water Company will be operated by the Town. Further, the OPA suggests that the Commission require the Water Division to include a list and description of each of the possible efficiencies that it has explored in an attempt to find savings if it proposes a further increase in its revenues during the next 18 months.

## DECISION

We have reviewed the Company's original filing and its responses to the data requests. We find that the rates proposed by Bar Harbor Water Company reasonably provide the revenue necessary for the Town of Bar Harbor Water Division to meet its obligations and continue to operate the water system. We urge the Town of Bar Harbor Water Division to explore all possible efficiencies as a result of its acquisition of the Bar Harbor Water Company and to account for those efficiencies in the filing for the Water Division's next rate proceeding.

Accordingly, we

## ORDER

1. That the Town of Bar Harbor Water Division Schedule of Rates, consisting of Pages 1 through 4, all Originals, filed on December 26, 2001 is approved to become effective for service rendered on and after January 2, 2002;
2. That Suspension Order No. 2, issued October 1, 2001 is hereby lifted; and
3. That the Town of Bar Harbor Water Division explore all possible efficiencies resulting from the acquisition of the Bar Harbor Water Company and provide an accounting of those efficiencies in the filing for the Water Division's next rate proceeding.

Dated at Augusta, Maine this 2nd day of January 2002.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: WELCH  
NUGENT

DIAMOND  
NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.